



**AUDIT, RISK AND COMPLIANCE
COMMITTEE CHARTER
(AMENDED OCTOBER 2007)**

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

1. PURPOSE OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 1.1 The purpose of this document is to set out the role, duties and responsibilities of the Audit, Risk and Compliance Committee ("the Committee") and its relationship to the Internal and External Audit functions and the Board of Datatec Limited ("the Board").
- 1.2 The Charter aims to ensure that the Committee is compliant with the Corporate Laws Amendment Act ("CLAA") of South Africa, the recommendations of the King Report on Corporate Governance for South Africa 2002, the related Code of Corporate Conduct and Practices (King II) and the UK Financial Reporting Council's Combined Code on Corporate Governance ("the Code").
- 1.3 This Charter will be made available to the Shareholders of Datatec Limited at the Annual General Meeting and a summary of the Charter will be disclosed in the annual report of Datatec Limited.
- 1.4 This Charter will be confirmed by the Board and reviewed annually by the Committee and the Board.

2. PURPOSE OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

- 2.1 The Committee was established in terms of a Board resolution. The purpose of the Committee is to assist the Board in discharging its duties relating to:
 - 2.1.1 the safeguarding of assets;
 - 2.1.2 risk evaluation and risk management;
 - 2.1.3 the operation of adequate financial and administration systems including internal control;
 - 2.1.4 accurate reporting to shareholders and other stakeholders and provision of financial statements in compliance with all applicable legal requirements and accounting standards;
 - 2.1.5 compliance with relevant laws, regulations and procedures.
- 2.2 The Committee provides a forum for discussing business risk and control issues and for developing relevant recommendations for consideration by the Board.
- 2.3 The Committee has oversight of the activities of the Datatec Internal Audit function, currently provided by Ernst & Young and the External Audit function currently provided by Deloitte & Touche.
- 2.4 The Committee shall act as a channel of communication between the Board and management and the Internal and External Auditors.

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 2.5 The Committee is an advisory committee and not an executive committee except in relation to:
- 2.5.1 The nomination of the external independent auditor for each financial year appointed in terms of the requirements of the Companies Act (as amended) in South Africa and any other regulatory and legislative requirements which the Company needs to comply with;
 - 2.5.2 The approval of non-audit services performed by the external auditor;
 - 2.5.3 The approval of the terms of engagement of, and fees to be paid to the external auditor; and
 - 2.5.4 The approval of the appointment of internal auditors if the function is outsourced, and of the Head of Internal Audit if an in-house internal audit function is established.

With the exception of the items enumerated above, the Committee shall not perform any management functions or assume any management or Board responsibilities, shall have an objective independent role, and shall submit recommendations as appropriate to the Board for approval or final discussion.

3. MEMBERSHIP AND QUORUM

- 3.1 In every financial year, the Company's Board of Directors shall appoint an Audit and Compliance Committee for the following year. The members of the Committee shall be appointed from among the Directors from time to time and shall consist of at least three members, all of whom shall be independent non-executive directors in terms of the definition set out in the Companies Act, (as amended) and any other regulatory requirement, with the requisite experience, knowledge and skills set to serve on the Committee.
- 3.2 The Chairman of the Committee shall be appointed by the Board and shall have the requisite business, financial and leadership skills and be a good communicator.
- 3.3 The Chairman of the Company shall not be eligible for appointment as Chairman of the Committee.
- 3.4 The members of the Committee shall be financially literate and at least one shall have a financial qualification.
- 3.5 One member of the Committee shall be designated the financially qualified member as recommended by the UK Combined Code.
- 3.6 The Board shall have the power at any time to remove any member from the Committee and to fill any vacancy so created.

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 3.7 The quorum for decisions by the Committee shall be any two members of the Committee present throughout the meeting of the Committee.
- 3.8 The company secretary shall be the secretary of the Committee.
- 3.9 The composition of the Committee and its Chairmanship will be subject to annual review by the board.

4. RESPONSIBILITIES AND FUNCTIONS OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

The responsibilities of the Committee shall be:

- 4.1 To review the internal control structures including financial control, accounting systems and reporting.
- 4.2 To review the Group's statement on internal control systems prior to endorsement by the Board and in particular reviewing:
- The procedures for identifying business risks and controlling their impact on the Group;
 - The Group's policies for preventing and detecting fraud;
 - The Group's policies for ensuring that the Group complies with relevant regulatory and legal requirements;
 - The operational effectiveness of the policies and procedures.
- 4.3 To review the quality of reporting to shareholders (to the extent practicable) of corporations in which the Company is invested to satisfy itself of the validity thereof.
- 4.4 Liaison with external auditors (see 4.7 below) and internal auditors (see 4.8 below).
- 4.5 Monitoring and ensuring compliance of the Group with the laws and regulations of applicable statutes and of controlling bodies and all legal requirements.
- 4.6 Monitoring compliance with the Company's code of conduct and the ethical conduct of the Company, all Group companies, Group executives and senior officials and identification of any violations of ethical conduct.

4.7 External Audit

The Committee shall:

- 4.7.1 During each financial year for which it has been appointed, nominate for appointment as auditor of the Company a registered independent auditor for approval by shareholders. In considering whether a registered auditor is independent of the Company, the Committee shall consider the provisions of statutes and the standards of the auditing profession and seek additional assurance from the auditor that internal

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

governance processes support and demonstrate their claim to independence.

In the event that the AGM appoints a different auditor to the one nominated by the Audit and Compliance Committee, the appointment will not be valid unless the Audit and Compliance Committee is satisfied that the proposed Auditor is independent of the Company.

- 4.7.2 Be responsible for ensuring that the external auditor's appointment complies with the CLAA and other applicable legislation;
- 4.7.3 Discuss and review with the external auditors before the audit commences, the auditors' engagement letter, the terms, nature and scope of the audit function, procedure and engagement. The Committee should review the overall audit role to explore objectives, minimise duplication and discuss implications of new auditing standards;
- 4.7.4 Evaluate the independence, cost effectiveness and objectivity of the external auditors in relation to the Company itself and any of its subsidiaries and any other member of the Company's group and determine the nature and extent of allowed non-audit services rendered by such auditors as to whether this substantively impairs their independence. In assessing the independence of the external auditor, the Committee should determine that the external auditor does not receive any remuneration or other benefit from the Company, except in rendering approved audit and non audit services. The Committee shall also consider whether the external auditor's independence may have been prejudiced as a result of any previous appointment as auditor. Further, the Committee should consider how the external auditor's accounting firm is structured to ensure independence, the ownership of that firm, and whether the firm has formed alliances with entities which provide clients with the kind of services an accounting firm would not be allowed to provide;
- 4.7.5 Negotiate procedures, subject to agreement, beyond minimum statutory and professional duties and pre-approve the proposed contract with the auditor in respect of all non-audit services to be rendered. The Committee shall ensure, in relation to such non-audit services provided by the designated auditor that the auditor appointed shall not, for the duration of the appointment, perform any bookkeeping, accounting or internal audit services and, to the extent that these would be subject to its own auditing, tax advisory services for the Company. The Committee shall keep the nature and extent of non-audit services under review, seeking to balance the maintenance of objectivity with value for money;
- 4.7.6 Evaluate the performance of the external auditors;
- 4.7.7 Agree to the timing and nature of reports from the external auditors;

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 4.7.8 Give directive to external auditors to address areas of concern, in addition to the auditors' minimum statutory and professional duties and consider any problems identified in regard to the Company's going concern status or matters of internal control;
- 4.7.9 Consider and approve the appropriateness of accounting policies and their implementation, consider accounting treatments, significant unusual transactions, or accounting judgements, that could be contentious;
- 4.7.10 Identify key matters arising in the external auditors' current year's management letter and satisfying itself that these are being properly followed up;
- 4.7.11 Review the adequacy of corrective action in response to significant external audit findings;
- 4.7.12 Consider whether any significant ventures, investments or operations are not subject to external audit;
- 4.7.13 Obtain assurance from the external auditors that adequate accounting records are being maintained;
- 4.7.14 Be advised on discussions between management and the external auditor and consider and discuss any differences of opinion between management and external auditors and deal with any issues of material or significant investigations and management responses;
- 4.7.15 Review management's letter of representation to the external auditors before finalisation of the Annual Report;
- 4.7.16 Determine the fees to be paid to the external auditor ensuring the external audit fee will sustain a proper audit and provide value for money;
- 4.7.17 Ensure that the same individual or the lead audit partner of the accounting firm appointed as the designated auditor may not serve as the auditor or designated auditor or lead audit partner for more than five consecutive financial years and ensure that where an individual has served as the auditor or designated auditor for two or more consecutive financial years and then ceases to be the auditor or designated auditor, that the individual may not be appointed as auditor or designated auditor again until the expiry of two further years;
- 4.7.18 When recommending the appointment of the external auditor, periodically consider alternative firms and obtain proposals to facilitate the Committee arriving at its recommendation;
- 4.7.19 Consider any questions on the resignation or dismissal of the auditors;

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 4.7.20 Ensure that the auditor is invited to attend any general meeting of the shareholders at which the financial statements are considered, to answer any question posed to the auditor at such meeting, relevant to the conduct of the audit.

4.8 Internal audit

An important role of the Committee is to monitor and supervise the effective function of internal audit to provide an objective overview of the operational effectiveness of the company's systems of internal control and reporting. This will include:

- 4.8.1 Reviewing the objectives and operations of the internal audit function;
- 4.8.2 Evaluating the performance of internal audit, its effectiveness and independence;
- 4.8.3 Reviewing the internal audit function's compliance with its mandate as approved by the Committee and considering whether the mandate, organisation, resources, internal audit skills and standing of the Internal Audit function are appropriate to enable the Committee to meet its objectives;
- 4.8.4 Reviewing and approving the Internal Audit charter, Internal Audit coverage plan and budgets and satisfying itself that the coverage plan makes provision for effectively addressing the critical risk areas of the business;
- 4.8.5 Reviewing the effectiveness of the Group's systems of internal control and business risk management, and monitoring the maintenance of effective internal control systems by management;
- 4.8.6 Reviewing and approving the internal audit charter, Internal Audit plans and budgets and satisfying itself that the audit plan makes provision for effectively addressing the critical risk areas of the business;
- 4.8.7 Considering internal audit reports on the effectiveness of the process for identifying, assessing, and reporting on all significant business and operational risks and the management and mitigation of those risks by the Group and making appropriate recommendations to the Board;
- 4.8.8 Reviewing and considering the conclusions and significant matters reported by the Internal Audit function in relation to financial reporting, corporate governance and internal control;
- 4.8.9 Reviewing the adequacy of corrective action taken in response to significant Internal Audit findings;
- 4.8.10 Ensuring that the internal auditor reports at all Committee meetings;

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 4.8.11 Reviewing the co-operation and co-ordination between the internal and external audit functions and co-ordinating the formal internal audit work plan with external auditors to prevent duplication of work;
- 4.8.12 Reviewing significant differences of opinion between management and the internal audit function;
- 4.8.13 Consider Internal Audit reports dealing with:
- Ensuring maintenance of proper and adequate accounting records;
 - Controlling the overall operational and financial reporting environment;
 - Safeguarding the company's assets against unauthorised use or disposal;
- 4.8.14 Directing and supervising investigations into matters within its scope, for example, evaluations of the effectiveness of the company's internal control, cases of employee fraud, misconduct or conflict of interest;
- 4.8.15 Considering and reviewing any difficulties encountered in the course of internal audits including any restrictions in scope;
- 4.8.16 Considering whether the financial budgets of the internal audit function provide adequate support to enable the Committee to meet its objectives.

4.8 Financial Statements

The Committee shall review the annual financial statements and interim reports, the preliminary report and any other announcement regarding the Group's results or other financial information under its responsibilities to be made public, prior to submission to and approval by the Board, focussing particularly on:

- 4.9.1 The quality of financial reporting and ensuring that such reporting presents a balanced and understandable assessment of the position performance and prospects of the Group;
- 4.9.2 The implementation of new systems;
- 4.9.3 Tax and litigation matters involving uncertainty;
- 4.9.4 Any changes in accounting policies and procedures;
- 4.9.5 Significant adjustments resulting from the audit including problems and reservations arising from the audit and any matters the auditor may wish to discuss;
- 4.9.6 The basis on which the Group has been determined to be a going concern;
- 4.9.7 Capital adequacy;

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 4.9.8 Internal control;
 - 4.9.9 Compliance with Group accounting standards, local and international compliance with stock exchange and legal requirements;
 - 4.9.10 The appropriateness of major adjustments processed at the year-end;
 - 4.9.11 Compliance with the financial conditions of loan agreements;
 - 4.9.12 Reviewing special documents such as prospectuses, rights offers etc as and when prepared; and
 - 4.9.13 Reviewing the external auditors' proposed audit certificate.
 - 4.9.14 In the case of the interim (first six-month) report for determining whether it should be subject to an independent review by the external auditor and if not the reasons should be tabled at the following Board meeting;
 - 4.9.15 The content of any accompanying report to shareholders;
 - 4.9.16 Major judgemental areas in any financial information under its responsibilities;
 - 4.9.17 Reviewing significant transactions not directly related to the Company's normal business as the Committee might deem appropriate;
 - 4.9.18 Reviewing the controls over significant risks.
- 4.9 The Committee shall ensure that a report describing how the Committee carried out its functions during the financial year and stating whether it is satisfied that the external auditor was independent of the Company is included in the Annual Report (normally part of the corporate governance section).
- 4.10 The Committee shall review subsidiary financial reports and be responsible for subsidiary and managed joint venture audit committee and financial matters unless such subsidiary companies or joint ventures elect to constitute separate audit committees as defined by the Companies Act (as amended) to fulfil the duties and obligations required by law. The Committee will perform the functions of an audit committee for each subsidiary company to the extent that may be required by the Companies Act (as amended) in South Africa. For subsidiaries which do not have an audit committee as defined by the Companies Act (as amended), the Committee may constitute sub committees called financial review and compliance committees to assist it in discharging its duties in respect of the subsidiaries by collating and recording the information the Committee requires for its work.

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

4.11 The Committee shall receive and deal appropriately with any complaints relating to accounting practices, internal audit, content or auditing of financial statements or to any related matter. Complaints shall be received and dealt with in accordance with the approved Audit Risk and Compliance Committee Procedure for handling complaints.

4.12 To perform any other functions determined by the Board.

5 MEETINGS AND PROCEEDINGS

5.1 Meetings of the Committee will be held as frequently as the Committee considers appropriate, but it will normally meet no fewer than three times a year. Meetings must be held prior to the Board's approval of final results and annual report and before the Board's approval of interim results.

5.2 The Chief Executive Officer and Group Finance Director of Datatec, representatives of the Company's financial management and representatives of the external and internal auditors should attend meetings as invitees and will have unrestricted access to the Chairman of the Committee or any other member of the Committee as required.

5.3 Other Board members shall also have a right of attendance.

5.4 Reasonable notice of meetings and the business to be conducted must be given to the members of the Committee and to all invitees specified in 5.2 above.

5.5 Meeting agendas shall be prepared and distributed in advance together with sufficient background information to enable Committee members to appropriately prepare for the meetings.

5.6 The Committee will meet with the external auditors not more than one month before the Board meets to approve the six monthly and twelve monthly results announcements and again if necessary prior to the approval of the annual financial statements (if done separately from the announcement) so as to consider matters which appear to the auditor or the Committee to be of importance.

5.7 The Committee will meet with the internal and the external auditors at least annually without management or the other auditor present in order to discuss any issues relevant to the audit.

5.8 The external auditors may request a meeting if they consider that one is necessary.

5.9 The quorum for decisions of the Committee is specified in Clause 3.6..

5.10 No attendee shall have a vote at meetings of the Committee.

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

- 5.11 The minutes of all meetings, or summaries thereof, shall be submitted to the Board at the Board meeting immediately following the Committee meeting and the agenda for each such Board meeting shall provide the opportunity for the Chairman of the Committee to report orally on any matters of importance as well as the Committee's findings and recommended actions.
- 5.12 At the request of the Chairman of the Committee the secretary shall prepare an agenda for the next meeting which will incorporate the minutes of the previous meeting held.
- 5.13 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings of any directors and committees.

6 AUTHORITY OF THE COMMITTEE AND RESOURCES AVAILABLE TO IT

- 6.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee and provide it with all information it requests.
- 6.2 The Committee is authorised to require any employee of the Company to attend its meetings, in addition to the attendees specified in 5.2 above.
- 6.3 The Committee has authority to meet with the Internal Auditors and External Auditors without management of the Company being present. (As required by 5.6 above.)
- 6.4 The Audit Committee must have access to any information it needs, the right to seek independent advice and the power to investigate any matter within the ambit of its authority.
- 6.5 Membership of the Audit Committee should be contained in the annual report.

7 REPORTING PROCEDURE

- 7.1 The secretary shall circulate the minutes of meetings of the Committee to all members of the Board.
- 7.2 The Chairman of the Committee shall account to the Board for its activities and make recommendations to the Board concerning the adoption of the annual and interim financial statements and any other matters arising from the Committee's responsibilities (see 5.10 above).
- 7.3 The Chairman of the Committee shall attend the Annual General Meeting of the Company to answer questions concerning matters falling within the ambit of the Committee.

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

8 FEES AND EXPENSES

- 8.1** Having regard to the functions performed by the members of the Committee, in addition to their functions as directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the Board by the Articles of Association of the Company, members of the Committee shall be paid such additional special remuneration in respect of their appointment as shall be fixed by the Board and as approved by shareholders.
- 8.2** The Chairman of the Committee shall receive a further fee, determined by the Board, in addition to his remuneration as a member.
- 8.3** Such additional special remuneration in terms hereof shall be in addition to the fees payable to directors.
- 8.4** The Company shall meet all expenses reasonably incurred by the Committee including the fees of any consultant or specialist engaged by the Committee to assist in the performance of its duties.

9 GENERAL

- 9.1** The Committee shall undertake annual self-assessments which will include assessments by the external and internal auditors and the CFO.
- 9.2** This Charter may be amended as required, subject to the approval of the Board.